

Bill No. SB 854

Barcode 854584 Comm: RCS 04/24/2006 01:44 PM

576-2368B-06

Proposed Committee Substitute by the Committee on Ways and Means

1 A bill to be entitled

2 An act relating to ad valorem taxation;

3 requiring the Department of Revenue to

4 commission a study of the state's property tax

5 structure; providing purposes; providing the

6 contents of the study; requiring that the study

7 recommend changes to achieve specified

8 principles of taxation; providing deadlines;

9 requiring the department to submit interim and

10 final reports to legislative leaders by

11 specified dates; providing departmental duties;

12 providing an appropriation; providing an

13 effective date.

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15 WHEREAS, the property tax is expected to be the largest

16 single source of government revenue in the 2006-2007 fiscal

17 year and is the only revenue source reserved to local

18 governments by the State Constitution, and

19 WHEREAS, the property tax is the major source of

20 funding for public schools, and

21 WHEREAS, serious concerns have been raised regarding

22 the level and distribution of the property tax burden and its

23 effect on home ownership and the willingness of homestead

24 property owners to purchase new homesteads, NOW, THEREFORE,

25

26 Be It Enacted by the Legislature of the State of Florida:

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28 Section 1. The Department of Revenue shall commission

29 a study of the state's property tax structure to examine the

30 impact of the current homestead exemptions and assessment

31 differentials on different types of property owners, and the

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1 overall level of property tax burdens.

2 (1) The study shall include:

3 (a) An analysis of the impacts of the Save Our Homes
4 amendment to determine to what extent the assessment
5 limitation has shifted the property tax burden among and
6 between homestead properties as well as between homesteads and
7 other types of property;

8 (b) The identification and analysis of any systematic
9 impact of the Save Our Homes differential, including its
10 impact on owners of homesteads purchasing new homesteads. At a
11 minimum, the study shall provide a distribution of the Save
12 Our Homes assessment differentials by county;

13 (c) An analysis of the effects of Save Our Homes on
14 the distribution of the burden of the required local effort
15 for the Florida Education Finance Program;

16 (d) An analysis of the effects of Save Our Homes on
17 the availability of affordable housing;

18 (e) An analysis of the potential impacts of allowing
19 the Save Our Homes assessment to be transferred to newly
20 acquired homes with respect to the equity and fairness of the
21 tax, the burden of the tax on nonhomestead property, the
22 effect on first-time home buyers, affordable housing, the
23 distribution of the required local effort for school funding,
24 and the regressivity of the property tax; and

25 (f) An analysis of the effects of the Save Our Homes
26 amendment on local government budget decisions and whether the
27 truth in millage (TRIM) process adequately informs taxpayers
28 of the budget decisions of local governments.

29 (2) The study shall recommend changes to the Florida
30 property tax structure to achieve the following principles of
31 taxation, which were established by the 2002 Florida State Tax

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1 Reform Task Force in its final report:

2 (a) Equity.--The Florida tax system should treat
3 individuals equitably. It should impose similar tax burdens on
4 people in similar circumstances and should minimize
5 regressivity.

6 (b) Compliance.--The Florida tax system should
7 facilitate taxpayer compliance. It should be simple and easy
8 to understand so as to minimize compliance costs and increase
9 the visibility and awareness of the taxes being paid.
10 Enforcement and collection of tax revenues should be
11 accomplished in a fair, consistent, professional, predictable,
12 and cost-effective manner.

13 (c) Pro-competitiveness.--The Florida tax system
14 should be responsive to interstate and international
15 competition in order to encourage savings and investment in
16 plant, equipment, people, and technology in this state.

17 (d) Neutrality.--The Florida tax system should affect
18 competitors uniformly and not become a tool for social
19 engineering. It should minimize government involvement in
20 investment decisions, making any such involvement explicit,
21 and should minimize pyramiding.

22 (e) Stability.--The Florida tax system should produce,
23 in a stable and reliable manner, revenues that are sufficient
24 to fund appropriate governmental functions and expenditures.

25 (f) Integration.--The Florida tax system should
26 balance the need for integration of federal, state, and local
27 taxation.

28 (3)(a) By July 15, 2006, the Department of Revenue
29 shall issue a request for proposals to conduct the study
30 required by this section. It is the intent of the Legislature
31 that the study be commenced no later than September 1, 2006.

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1 (b) No later than February 1, 2007, the Department of
2 Revenue shall submit to the presiding officers of the
3 Legislature a progress report on the study, including
4 statutory revisions recommended for the 2007 legislative
5 session, if appropriate. An initial draft report is due no
6 later than June 1, 2007, with a second draft report due no
7 later than September 1, 2007.

8 (c) The final report shall be submitted to the
9 Governor, the President of the Senate, the Speaker of the
10 House of Representatives, and the chair of the Taxation and
11 Budget Reform Commission no later than October 1, 2007.

12 (4) The Department of Revenue shall provide all
13 necessary property tax information for the purpose of
14 producing the study.

15 Section 2. The sum of \$1 million in nonrecurring
16 general revenue is appropriated to the Department of Revenue
17 for the purpose of conducting the study required in section 1
18 of this act.

19 Section 3. This act shall take effect upon becoming a
20 law.